



# STATE HOUSING BOARD MEETING MINUTES

Beaver Run Resort  
Breckenridge, CO  
October 13, 2009

**BOARD MEMBERS PRESENT:** Theo Gregory, Sally Hatcher, David Zucker, Gene Lucero.

**STAFF MEMBERS PRESENT:** Rick Hanger, Denise Selders, Mary Miller, Alison O'Kelly, Bill Whaley, Ann Watts, Meghan Duggins

**CALL TO ORDER:** Meeting was called to order by Board President Theo Gregory at 11:20 a.m.

**APPROVAL OF MINUTES:** A correction to the minutes was requested, as the date should be September 15, 2009, instead of October 13, 2009. The minutes will be corrected. Minutes were approved with corrections.

## DOH DIRECTOR'S COMMENTS

Director Coyle thanked the Board members for taking the time to come up to the conference and stressed the importance of interacting with our "customers." Director Coyle and Commissioner Zucker are scheduled to meet with Tom Plant next week to create a working relationship with the Governor's Energy office.

He noted that the staff held back 4 projects this month that will be reviewed next month.

Director Coyle is in the process of rewriting the job description for the Deputy Director of Housing so that the position can be opened up for applications.

After briefly reviewing the process for benefit of the applicants, President Gregory called for the first presentation.

## APPLICATIONS REVIEWED IN OCTOBER

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**Name:** Community Housing Concepts, Inc. - Denver Gardens Apartments

**Project Number:** 10-025

**Project Manager & Address:**

Ron LaFollette, Acquisitions Manager  
Community Housing Concepts, Inc.  
6795 E Tennessee Ave, 5th Floor  
Denver, CO 80224  
(p) 303-322-8888  
(f) 303-322-2320  
[rlafollette@monroegroupltd.com](mailto:rlafollette@monroegroupltd.com)

**Project Address:** 6801 E. Mississippi Ave, Denver 80224

**Project Description:**

Community Housing Concepts, Inc. (CHC), a non-profit corporation, is requesting a grant of \$226,000 for the acquisition of Denver Gardens in order to rehabilitate the property and preserve its affordability. Built in 1979, Denver Gardens Apartments is a 100 unit, elderly Project-based Section 8 property located at 6801 East Mississippi Avenue, Denver, Colorado. The Housing Assistance Payment (HAP) rents are set at 50 and 60% AMI, but most tenants are below 30% AMI. There shall be 2 HOME-assisted units.

The scope of rehabilitation will include many energy efficient upgrades which will extend the useful life of the property while reducing operating costs. CHC will provide Energy Star appliances, new energy efficient windows and energy efficient lighting throughout the buildings, upgrades to the boiler system and cooling system and attic insulation. Additionally, CHC will also install solar thermal heating and photovoltaic roof panels.

**Staff Recommendation:** Full funding

**Date of Meeting:** 10/13/09

Anarde	Absent	Zucker	Full Funding
Gregory	Full Funding	Rosser	Absent
Hatcher	Full Funding	Lucero	Full Funding
Weitkunat	Absent		

The Board approved full funding for the project, consistent with staff's recommendation.

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**Name:** Archdiocesan Housing, Inc.

**Project Number:** 10-020

**Project Manager & Address:**

Mary Anderies , Housing Consultant  
 Archdiocesan Housing, Inc.  
 4045 Pecos Street, Suite A  
 Denver, CO 80211  
 (p) 303-433-4401  
 (f) 303-433-6845  
[mary@anderiesconsulting.com](mailto:mary@anderiesconsulting.com)

**Project Address:** 6286 Kearney Street, Commerce City, CO 80022

**Project Description:** Archdiocesan Housing, Inc (AHI) is requesting a grant of \$190,000 for the construction of Prairie Rose Apartments, a two-story 19-unit apartment building primarily for persons with physical disabilities, and secondarily for persons with chronic mental illness or developmental disabilities. The principal funding source for the project comes from a HUD 811 capital advance which also provides project rental assistance to the residents. The Project Resident Assistance Contract (PRAC) rents are set at 50% AMI, but most tenants' incomes are below 30% AMI. The property shall have 2 HOME-assisted units  $\leq$  50% AMI.

The project is located at 6286 Kearney Street in Commerce City, in close proximity to retail, grocery stores, parks, and social services. Amenities in the proposed building include a community room with kitchenette and laundry facilities, office for staff and case managers, and both on and off-street parking.

**Staff Recommendation:** Full funding

**Date of Meeting:** 10/13/09

Anarde	<i>Absent</i>	Zucker	Full Funding
Gregory	Full Funding	Rosser	<i>Absent</i>
Hatcher	Full Funding	Lucero	Full Funding
Weitkunat	<i>Absent</i>		

The Board approved full funding for the project, consistent with staff's recommendation.

**Name:** Greeley Center for Independence, Inc. -  
Hope Apartments Rehabilitation

Project Number: 10-026

**Project Manager & Address:** Ms. Kathy Van Soest  
Executive Director  
Greeley Center for Independence, Inc.  
2780 28<sup>th</sup> Avenue  
Greeley, CO 80634  
Telephone: 970-339-2444  
Fax: 970-339-0033  
Email: [kvansoest@GCIinc.org](mailto:kvansoest@GCIinc.org)

**Project Address:** 2730 28<sup>th</sup> Avenue, Greeley, Colorado 80634

**Project Description:**

The Greeley Center for Independence, Inc. (GCI) requests a grant of \$140,000 to assist with the rehabilitation of The Hope Apartments located at 2730 28<sup>th</sup> Avenue, Greeley, Colorado. The Hope Apartments were constructed in 1994 with assistance from the Division of Housing in the form of a HOME grant of \$400,000. The Hope Apartments provide thirty-one (31) units of rental housing for people with physical disabilities, including those with traumatic brain injuries (TBI), and one resident manager. There are 28 one-bedroom and 3 two-bedroom apartments that are affordable to households at or below 50% - 60% area median income (AMI). This special needs population generally receives some form of rental assistance that allows the residents to pay no more than 30% of their income on housing and utilities. The planned rehabilitation work includes energy-efficiency improvements, security and accessibility improvements, interior updates, plumbing upgrades, and repair of the roof soffit.

**Staff Recommendation:** Full funding

**Date of Meeting:** 10/13/09

Anarde	<i>Absent</i>	Zucker	Full Funding
Gregory	Full Funding	Rosser	<i>Absent</i>
Hatcher	Full Funding	Lucero	Full Funding
Weitkunat	<i>Absent</i>		

The Board approved full funding for the project, consistent with staff's recommendation.

**OTHER BUSINESS: Foreclosure Contract Approval**

We have a request for the Board to formally approve the granting of funds for Foreclosure Prevention, Outreach and Education from the Foreclosure Prevention Grant. The staff is recommending \$30,000 to Pikes Peak Foreclosure Prevention Partnership, \$30,000 to Financial Education and Economic Training (FEET), and \$10,000 to Colorado Rural Housing Development.

Commissioner Lucero moved to approved the recommendations, Commissioner Zucker seconded the motion, and it was approved unanimously.

President Gregory adjourned the meeting at 12:30 p.m.

## **APPLICATIONS PRESENTED NOVEMBER 10, 2009**

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**Name:** Senior Residence at Creekside West

**Project Number:** 09-060

**Project Manager & Address:** Bill Lunsford, Development Manager  
Metro West Housing Solutions  
(formerly Lakewood Housing Authority)  
575 Union Blvd., Suite 300  
Lakewood, CO 80228-1238  
Phone: (303) 987-7581  
Fax: (303) 987-7693  
Email: [billun@mwhsolutions.org](mailto:billun@mwhsolutions.org)

**Project Photo:**



**Project Address:** 1700 Pierce St., Lakewood, CO

**Project Description:** The Lakewood Housing Authority, dba Metro West Housing Solutions (Metro West), requests a grant of \$500,000 for the construction of Senior Residence at Creekside West. This is Phase II of the award winning Residence at Creekside Community, a 118 unit senior development built in 2007 (also supported by CDOH funds). This new 83 unit property will offer independent living for seniors 55 and over, on a 1-acre site in central Lakewood. It will be a 4-story wood-frame building with two elevators, underground parking, and an emphasis on energy efficiency and sustainability, including passive solar, solar PV and solar thermal. The project's 83 units will be targeted as follows:

### AFFORDABILITY

<u>Type of Units</u>	<u># of Units</u>	<u>Income of Beneficiaries</u> (4-person hhs in Denver Metro)
<u>Affordable Units</u>		
(2) 1BR, (2) 2BR	9	≤ 30% of AMI (\$21,500)
(35) 1BR, (10) 2BR	45	≤ 50% of AMI (\$35,850)
(20) 1BR, (7) 2BR	27	≤ 60% of AMI (\$43,020)
<u>Employee (1) &amp; Guest Units (1)</u>		
(2) 0BR	2	unrestricted
<u>Total Units</u>	83	

### PROGRAM BUDGET

Project Activities	Total Project Cost	State Funds Requested	Other Funds	Source	Status
Land	500,000		500,000	Metro West Land	committed
Appraisal, Market Study & Phase I	24,000		24,000	Metro West equity	committed
Architect & Engineering	778,000		500,000	City of Lakewood	committed
			278,000	Metro West equity	committed
Building Permit & Tap Fees	189,110		189,110	Metro West equity	committed
On Site Infrastructure	583,813		508,890	Metro West equity	committed
			74,923	FirstBank Mortgage	committed
Construction	7,920,206	500,000	2,625,077	FirstBank Mortgage	committed
			4,796,129	FirstBank LIHTC Equity	committed
Structured Parking	1,645,000		1,645,000	FirstBank LIHTC Equity	committed
Contingency	811,301		811,301	FirstBank LIHTC Equity	committed
Solar PV, Thermal & passive	320,000		100,000	Energy Outreach	committed
			70,000	Solar Rebate	committed
			150,000	FirstBank LIHTC Equity	committed
Furniture, Fixtures & Equipment	249,000		249,000	FirstBank LIHTC Equity	committed
Legal	90,000		90,000	FirstBank LIHTC Equity	committed
LEED Consultant	25,000		25,000	FirstBank LIHTC Equity	committed
Construction Insurance	60,000		60,000	FirstBank LIHTC Equity	committed
Construction Loan Orig. Fee	83,000		83,000	FirstBank LIHTC Equity	committed
Construction Interest	450,000		450,000	FirstBank LIHTC Equity	committed
Inspection, Title & Recording	53,200		53,200	FirstBank LIHTC Equity	committed
Permanent Financing Fees	172,884		172,884	FirstBank LIHTC Equity	committed
Developer's Fee	1,712,264		526,000	Deferred	committed
			300,000	FHLB	pending
			885,264	FirstBank LIHTC Equity	committed
Operating & Debt Service Reserve	144,222		144,222	FirstBank LIHTC Equity	committed
Marketing	50,000		50,000	FirstBank LIHTC Equity	committed
Consultants	85,000		85,000	FirstBank LIHTC Equity	committed
Totals	15,946,000	500,000	15,446,000		

### PROJECT ASSESSMENT FOR Rental New Construction

Criteria	Project Data		CDOH Range
Building Cost			
Cost/Unit/Sq. Ft.	\$192,120 /Unit	\$186.03 /SF	\$135 to \$205
Hard Cost/Unit/Sq. Ft.	\$141,186 /Unit	\$136.71 /SF	\$105 to \$160
Soft Cost/Unit/Sq. Ft.	\$44,910 /Unit	\$43.49 /SF	\$25 to \$40
Land Cost/unit	\$6,024 /Unit		\$10,000 to \$18,000
Hard/Soft Cost	76% Hard	24% Soft	
Cost Effectiveness Rating			
CDOH subsidy/unit	\$6,173 for 81 units		\$4,000 to \$10,000
Annual Cost/Person & Rating	\$2,658	3 40 yrs	1 to 10 Scale
Externality Rating	8		1 to 10 Scale
Rent Savings Rating	10%	2	1 to 10 Scale
Financial Leveraging Rating	31	10	1 to 10 Scale
Composite Score	23		1 to 40 Scale
Operating Cost			
PUPA	\$4,261		\$3,700 to \$4,700
Annual Replacement Reserve	\$258		\$300 (\$250 for seniors)
Debt Coverage Ratio	1.12		1.10 to 1.20
Capitalized Operating Reserve	\$144,222	3 months	4 months debt & operating costs
Financial Commitments			
Terms of Primary Financing	7.35%	30 yrs (20 yr term)	
P.V. Tax Credits	\$0.78		\$.75 to .85
Other Criteria			
Fully Accessible Units	#7 / 8%		5% of Units Encouraged
Visitable Units	#7 / 8%, plus all common facilities		All units Encouraged
Energy-Efficiency Standard	All units will meet Energy Star & LEED		CDOH Energy Standards Policy
Water Efficient Landscape	Yes		Denver Water Brd Recommendation
30% AMI Units	9 / 11%		5% of Units Encouraged
CDOH requirements			
Priority	(2) Increase the supply of affordable rental housing to meet community needs (7) adequate supply of housing for persons with special needs		CDOH Action Plan Goals
CDOH Eligibility Criteria	HOME, HDG		
Minimum Application Criteria	Yes		CDOH Min Application Criteria Policy
Housing Needs Assessment Supports Project	Yes		Local Housing Needs Assessment



**Comments:**

- **Management Capacity**

***Pro:***

1. The Lakewood Housing Authority, now dba Metro West Housing Solutions (Metro West), was founded in 1974. It owns 671 rental units, plus 737 in partnerships.
2. Metro West administers about 1,200 Section 8 vouchers. Bill Lunsford, Development Manager, has over 25 years of experience in real estate finance and development.

***Con:*** None.

- **Public/Private Commitment**

***Pro:***

1. The Colorado Housing and Finance Authority has awarded the project an allocation of Low Income Housing Tax Credits (LIHTC), which is expected to deliver \$9,750,000 of investor equity to the project. FirstBank has committed to buying the credits for \$0.78, and they are also providing the construction & permanent financing.
2. Metro West already owns the site, and is donating it to the tax credit partnership for this project. The land is valued at \$500,000.
3. Metro West is providing \$1,000,000 of its own equity, and is also deferring at least \$526,000 of their developer's fee. Based on the current budget, they will receive \$1,186,264 of their developer's fee, a net contribution of \$339,736.
4. The City of Lakewood has awarded \$500,000 of HOME funds to this project. The City will waive approximately \$50,000 in Planning and Building permit fees, and Metro West is exempt from all sales and use taxes, worth about \$300,000 (neither are included in the budget).
5. Metro West has secured an Energy Outreach grant of \$100,000, and they anticipate receiving \$70,000 of rebates for their solar installation. FHLB has recommended funding of a grant for \$300,000.

***Con:*** None.

- **Market Demand**

***Pro:***

1. The Market Study for this project was completed in January 2009, and does support the project. The first phase – the 118 unit Residence at Creekside – was completed in May 2007 and leased by December 2007. Rents for 30% & 50% units will be 4-8% higher than at phase one, but the new 60% rents will be 1-5% lower.
2. The new building will be secure, with laundry rooms on each floor, community room with kitchen, computer room, wireless internet, exercise room, movie room, salon, community garden, walking trail and picnic area. Tenant services will include computer classes, on-site social worker, planned activities and transportation from Lakewood Rides.
3. The Market study shows that the capture rate for this project, together with all other tax credit projects for seniors in the area (existing & planned), is low – it

would take just 10.2% of all the age & income qualified renter households in the area to fully occupy all of these projects. Plus, the existing ones are already 100% occupied with waiting lists.

**Con:**

1. According to the Metro Denver Vacancy & Rent survey for the 2<sup>nd</sup> Quarter of 2009, market rate units in this area of Lakewood had a 6.3% vacancy rate. This project's 60% AMI units (about 1/3<sup>rd</sup> of the units) are priced slightly higher than the average market rent, although the rest of its units are well below market & below Fair Market Rents.
2. According to the Affordable Housing Vacancy and Rent Study for the 1st Quarter of 2009, affordable units in Jefferson County had a 15.7% vacancy rate, although they were concentrated in buildings from the 1970's. That count included Maplewood, which is still under renovation.

**Explain Variances from ranges:**

- Soft costs are slightly higher than the range because this project is financed with tax credits.
- The proforma uses a 5% vacancy rate because Metro West's two other senior projects, with a total of 188 units, have over 300 people on their waitlist and maintain 99% occupancy rates.

**Other projects funded in Jefferson County since 10/08:**

- 2/09 – Lakewood HA/Maplewood Apartments \$500,000
- 4/09 – Jefferson County/NSP \$1,109,092
- 4/09 – Jefferson County/NSP \$5,021,672

**Other projects funded for MWHS since 10/08:**

- 2/09 – Lakewood HA/Maplewood Apartments \$500,000

**Jefferson County AMI: \$76,000**

**Staff Recommendation: Full Funding**

**Date of Meeting: 11/10/09**

Anarde		Zucker	
Gregory		Rosser	
Hatcher		Lucero	
Weitkunat			

# COLORADO DIVISION OF HOUSING \* HOUSING DEVELOPMENT ANALYSIS SPREADSHEET

Project Name: **Creekside West**

Date: 11/3/2009

PAGE #1

Applicant: **Metro West Housing Sol.** Operating Proforma

Spreadsheet Version: **Sept '09 update** Required for Project Applications

STABILIZED FIRST YEAR INCOME						EXPENSES	
	% AMI	#of units	Sq. Ft.	Monthly Rent	Total Annual Rent	Administrative Expenses	
					0	Management Fee	27,925
1br/1ba	30%	7	638	384	32,256	On-site Personnel Payroll	102,794
1br/1ba	50%	35	638	616	258,720	Health Ins. & Benefits	19,570
1br/1ba	60%	20	638	669	160,560	Legal & Accounting	8,240
					0	Advertising	2,575
2br/1ba	30%	2	820	455	10,920	Office Supplies	4,120
2br/1ba	50%	7	820	735	61,740	Telephone	7,725
2br/1ba	60%	6	820	800	57,600	Audit	
					0	Leased Equip, service contracts	5,665
2br/1ba	50%	3	890	735	26,460	Computer tech support & subscriptions	6,180
2br/1ba	60%	1	890	800	9,600	Licenses, dues, permits, training & travel	2,266
					0	Compliance Monitoring	6,180
Studio	Employee	1	535	0	0	Total Administrative Expenses	193,240
Studio	Guest	1	535	0	0	Operating Expenses	
					0	Utilities (owner paid)	56,650
					0	Trash Removal	6,180
						Fire & Liability Insurance	25,750
Total units	83			Total Rent Income	617,856	Other - Internet	6,180
Total sq ft	56,486					Total Operating Expenses	94,760
				Parking Income		Maintenance	
				Laundry Income	16,980	Maintenance	25,235
				Other Income		Repairs	5,150
				Total Income	634,836	Grounds (inc. snow removal)	9,785
Vac. Rate	0.05			Less Vacancy	-31,742	Other - Security	4,120
				Effective Gross Income	603,094	Total Maintenance	44,290
						Real Estate Taxes	0
				DEBT SERVICE		Operating Reserve	
				1st Mortgage	(223,227)	Replacement Reserve	21,373
				2nd Mortgage	0	TOTAL ANNUAL EXPENSES	353,663
				3rd Mortgage	0	NET OPERATING INCOME	249,431
				TOTAL DEBT SERVICE	(223,227)	P.U.P.A. Expenses *	4,261
BEP	93.37%			Poss D/S @ 1.1 DCR	226,756		
				Project Debt Coverage Ratio	1.117		

4.52%  
3+? FTE

31.28%

unit avg.= 0  
unit avg.= 258

BEP = Break Even Point

Poss D/S @ 1.1 DCR = Possible Debt Service at a 1.1 Debt Coverage Ratio

\* P.U.P.A = Per Unit Per Annum Expenses

**Name:** Mesa County/Karis, Inc. – Asset House

**Project Number:** 10-013

**Project Manager Contact :** John Peacock, County Administrator, Mesa County , 544 Rood Ave., Grand Junction, CO 81501 - (970) 244-1800 (970) 244-1639 fax  
[mcadmin@mesacounty.us](mailto:mcadmin@mesacounty.us)



**Project Location:** 536 29 Road Grand Junction, CO 81504

**Project Description:** Mesa County is requesting a \$150,000 grant to be used in the acquisition and preservation of the Asset House, a 10-room transitional housing facility in unincorporated Mesa County. The house functions as an SRO with property management, meals, and services provided by Karis, Inc., a non-profit organization that is part of the Grand Valley Homeless Coalition. While it is faith-based, Karis does not require any religious involvement from the tenants who lease the rooms at rents between 30 and 50 percent of AMI, with meals, utilities, and services included. Services consist of individual case management connecting tenants with job training, employment, veteran's benefits, and social services provided by Mesa County. The house is ADA accessible, and contains 10 rooms, two baths, kitchen, and common living and dining areas. It was previously operated by an individual owner who decided to sell the property, and rather than see the transitional housing aspect lost, contributed \$68,750 to Karis to maintain affordability. Little is needed in the way of remodeling, and Karis will improve the property over time as charitable donations are received. Initial charitable contributions will be used to retire the balance of the bridge financing, provided in the form of a first mortgage at 7% interest for a two year period, secured by a first deed of trust.

<b>Unit Type</b>	<b><u>Unit #</u></b>	<b><u>Beneficiaries' Income</u></b>
<b><u>Affordable Units</u></b>		
1BR	6	≤ 30% of AMI
1BR	1	≤ 40% of AMI
1BR	3	≤ 50% of AMI
<b><u>Total Units</u></b>	<b>10</b>	

**PROGRAM BUDGET**

<b>Project Activities</b>	<b>Total Project Cost</b>	<b>State Funds Requested</b>	<b>Other Funds</b>	<b>Source</b>	<b>Status</b>
Acquisition	\$268,750	\$150,000	\$68,750	Karis, Inc.	Committed
			\$50,000	Colorado Bank of the Rockies. 1 <sup>st</sup> Mortgage	Committed
Totals	\$268,750	\$150,000	\$118,750		

**PROJECT ASSESSMENT FOR Rental Acquisition w/ Rehab**

Criteria	Project Data			DOH Range
Building Cost				
Cost/Unit/Sq. Ft.	\$26,875	/Unit \$113	/SF	\$100 to \$140
Hard Cost/Unit/Sq. Ft.		/Unit	/SF	
Soft Cost/Unit/Sq. Ft.		/Unit	/SF	
Hard/Soft Cost		Hard	Soft	
Cost Effectiveness Rating				
DOH subsidy/unit	\$15,000			\$2,000 to \$10,000
Annual Cost/Person Rating	6		30yrs	1 to 10 Scale
Externality Rating	10			1 to 10 Scale
Rent Savings Rating	3			1 to 10 Scale
Financial Leveraging Rating	10			1 to 10 Scale
Composite Score	29			1 to 40 Scale
Operating Cost				
PUPA	\$3,445			\$3,700 to \$4,700
Annual Replacement Reserve	\$300			\$300
Debt Coverage Ratio	1.49			1.10 to 1.20
Capitalized Operating Reserve	\$3,000			4 months debt & operating costs
Financial Commitments				
Terms of Primary Financing	7.0%	2	years	
P.V. Tax Credits				\$.75 to .85
Other Criteria				
Fully Accessible Units	10 /100 %			5% of Units Encouraged
Visitable Units	10 100 %, plus all common facilities			All units Encouraged
Energy-Efficiency Standard	NO			CDOH Energy Standards Policy
Water Efficient Landscape	Yes			Denver Water Board Recommendation
30% AMI Units	6 /60 %			5% of Units Encouraged
CDOH Funding Eligibility	HDG			
Action Plan Priority	Affordable Housing Preservation			CDOH Action Plan Priority
Minimum Application Criteria	Yes			CDOH Application Minimum Criteria Policy
Housing Needs Assessment Supports Project	Yes			Local Housing Needs Assessment

**Comments:****Management Capacity**

**Pro:** Karis, Inc. is a newly formed non-profit corporation created to own and operate transitional housing in Mesa County. They have considerable experience on their board of Directors, with John Mok-Lamme the former director of Grand Junction's homeless shelter and Darin Carei the Vice President of Grace Homes. Mesa County has experience passing CDBG and other State funds through to local projects. Karis comes to the project as part of the Grand Junction Homeless Coalition.

**Con:** None.

**Public/Private Commitment**

**Pro:** Mesa County has agreed to bear administrative costs for the pass-through of the grant to Karis, Inc. The seller of the property contributed \$68,750 to the project in a price reduction to Karis, Inc. based on their commitment to continue to operate the property as transitional housing.

**Con:** None.

**Market Demand**

**Pro:** The most recent point in time survey by the Grand Junction Homeless Coalition identified 1,200 homeless, and current demand is estimated at 1,500. The homeless shelter houses 87 persons, some of whom are able to pay monthly or weekly rent at affordable levels, but lack deposit or ability to qualify for subsidized housing.

**Con:** None

**Explain Variances from ranges –**

**Projects funded in Mesa County in the last year:** None

**County Area Median Income:** \$57,200

**Staff Recommendation:** Full Funding

**Date of Meeting:** 11/10/ 2009

Anarde		Lucero	
Gregory		Rosser	
Hatcher		Weitkunat	
		Zucker	

# COLORADO DIVISION OF HOUSING \* HOUSING DEVELOPMENT ANALYSIS SPREADSHEET

Project Name: **Asset House**  
 Date: 11/3/2009  
 Applicant: **Mesa County**  
 Spreadsheet Version:

PAGE #1  
 Operating Proforma  
 Required for Project Applications

STABILIZED FIRST YEAR INCOME						EXPENSES		
	% AMI	#of units	Sq. Ft.	Monthly Rent	Total Annual Rent			
	30%	6	110	300	21,600	Administrative Expenses		
	40%	1	225	400	4,800	Management Fee	14,796	33.32%
	50%	3	110	500	18,000	On-site Personnel Payroll		FTE
					0	Health Ins. & Benefits	2,700	
					0	Legal & Accounting	900	
					0	Advertising	500	
					0	Office Supplies	200	
					0	Telephone	1,200	
					0	Audit		
					0	Other		
					0	Total Administrative Expenses	20,296	45.71%
					0	Operating Expenses		
					0	Utilities (owner paid)	3,200	
					0	Trash Removal		
					0	Fire & Liability Insurance	750	
					0	Other		
					0	Total Operating Expenses	3,950	
	Total units	10	Total Rent Income		44,400	Maintenance		
	Total sq ft	1,215				Maintenance	1,500	
			Parking Income			Repairs	1,500	
			Laundry Income			Grounds (inc. snow removal)		
			Other Income			Other		
			Total Income		44,400	Total Maintenance	3,000	
	Vac. Rate	0.09	Less Vacancy		-3,996	Real Estate Taxes	1,200	
			Effective Gross Income		40,404	Operating Reserve	3,000	unit avg. = 300
						Replacement Reserve	3,000	unit avg. = 300
			DEBT SERVICE			TOTAL ANNUAL EXPENSES	34,446	
			1st Mortgage		(3,992)	NET OPERATING INCOME	5,958	
			2nd Mortgage		0	P.U.P.A. Expenses *	3,445	
			3rd Mortgage		0			
			TOTAL DEBT SERVICE		(3,992)			
	BEP	86.57%	Poss D/S @ 1.1 DCR		5,416			
			Project Debt Coverage Ratio		1.493			

BEP = Break Even Point

Poss D/S @ 1.1 DCR = Possible Debt Service at a 1.1 Debt Coverage Ratio

\*Note:

\* P.U.P.A = Per Unit Per Annum Expenses



**Name:** Warren Village Inc. – Warren Village Apartments Rehabilitation

**Project Number:** 10-023

**Project Manager & Address:**

Mr. Mark Welch  
Development Consultant  
Community Capital Corporation  
817 East 17<sup>th</sup> Avenue  
Denver, Colorado 80218  
303.832.1151 telephone  
303.832.7177 fax  
[mark@commcapcorp.net](mailto:mark@commcapcorp.net)

**Project Photo:**



**Project Address:** 1323 Gilpin Street Denver, Colorado 80218

**Project Description:**

Warren Village, Inc. requests a grant of \$300,000 to assist with the rehabilitation of the Warren Village Apartments located at 1323 Gilpin Street Denver, Colorado. The Warren Village Apartments were constructed in 1974 and consist of ninety-four (94) units of transitional housing with 42 one-bedroom, 40 two-bedroom and 12 three bedroom units that are affordable to households at 50% and 60% area median income (AMI). This property receives project-based HUD rental assistance that allows this property to serve recently homeless, single parent families in the Denver area with most households at 30% AMI or less. The planned rehabilitation includes; energy-efficiency improvements, interior updates, electrical and plumbing upgrades, and security upgrades.

### PROGRAM BUDGET

Project Activities	Total Project Cost	State Funds Requested	Other Funds	Source	Status
Acquisition	\$6,572,840		\$6,250,000 \$322,840	Seller CF Note LIHTC	Committed Pending
Appraisal & Market Study	\$8,550		\$8,550	LIHTC	Pending
Architect/Engineering	\$78,000		\$78,000	LIHTC	Pending
Building Permit & Tap Fees	\$59,095		\$59,095	LIHTC	Pending
Construction	\$3,819,038	\$300,000	\$650,000 \$800,000 \$300,000 \$1,769,038	First Mortgage Tax Credit Assistance Program City of Denver LIHTC	Committed Pending Pending Pending
Contingency	\$358,154		\$358,154	LIHTC	Pending
Construction Loan Expenses	\$281,750		\$281,750	LIHTC	Pending
Perm loan expenses	\$145,142		\$145,142	LIHTC	Pending
Operating Reserve	\$611,928		\$611,928	LIHTC	Pending
Developers Fee	\$1,020,000		\$412,289 \$607,711	Deferred Developer Fee LIHTC	Committed Pending
Marketing	\$102,631		\$102,631	LIHTC	Pending
Tenant Relocation	\$147,701		\$147,701	LIHTC	Pending
Project Mgmt/Consultants	\$102,631		\$102,631	LIHTC	Pending
Totals	\$13,307,460	\$300,000	\$13,007,460		

### AFFORDABILITY

<u>Type of Units</u>	<u># of Units</u>	<u>Income of Beneficiaries</u> (4-person households in Denver Metro)
<u>Affordable Units</u> (25) 1BR, (24) 2BR, (8) 3BR (16) 1BR, (16) 2BR, (4) 3BR	57 36	≤ 50% of AMI (\$38,000) ≤ 60% of AMI (\$45,600)
<u>Employee (1) &amp; Market Rate Units</u> (1) 1BR	1	unrestricted
<u>Total Units</u>	94	

**PROJECT ASSESSMENT FOR Rental Acquisition w/ Rehab**

Criteria	Project Data	DOH Range
Building Cost		
Cost/Unit/Sq. Ft.	\$143,383 /Unit    \$221 /SF	\$100 to \$140
Hard Cost/Unit/Sq. Ft.	\$88,846 /Unit    \$137 /SF	\$90 to \$120
Soft Cost/Unit/Sq. Ft.	\$25,814 /Unit    \$40 /SF	\$10 to \$20
Hard/Soft Cost	77% Hard    23% Soft	
Cost Effectiveness Rating		
DOH subsidy/unit	\$3,191	\$2,000 to \$10,000
Annual Cost/Person Rating	\$1,896    5    30    yrs	1 to 10 Scale
Externality Rating	8	1 to 10 Scale
Rent Savings Rating	28%    5	1 to 10 Scale
Financial Leveraging Rating	10	1 to 10 Scale
Composite Score	28	1 to 40 Scale
Operating Cost		
PUPA	\$8,356	\$3,700 to \$4,700
Annual Replacement Reserve	\$500	\$300
Debt Coverage Ratio	1.41	1.10 to 1.20
Capitalized Operating Reserve	8.5 months	4 mos. debt & oper. costs
Financial Commitments		
Terms of Primary Financing	\$650,000    7.85%    30 years	
P.V. Tax Credits	.75	\$.75 to .85
Other Criteria		
Fully Accessible Units	1 / 1%	5% of Units Encouraged
Visitable Units	1 / 1%, plus all common facilities	All units Encouraged
Energy-Efficiency Standard	Denver Green Communities	CDOH Energy Stds Policy
Water Efficient Landscape	Yes	Denver Water Board Recommendation
30% AMI Units	None by deed restriction, 95% through HUD rental assistance	5% of Units Encouraged
DOH requirements		
Priority	(7 - High) Housing for persons with special needs, (1 – High) preservation of existing affordable housing	CDOH Action Plan Goals
CDOH Funding Eligibility	HOME, HDG	
Minimum Application Criteria	Yes	CDOH Application Minimum Criteria Policy
Housing Needs Assessment Supports Project	Yes	Local Housing Needs Assessment

**Comments:**

- **Management Capacity**

***Pro:***

1. Warren Village Apartments is owned and managed by a non-profit, tax-exempt organization that is governed by a 20 member Board of Trustees. This property was the first family transitional housing project in the U.S. financed by HUD using project-based rental assistance.
2. This property provides households with a number of services and programs to assist in making these families self-sufficient. These include education assistance, on-site child care, and a host of life-skill classes. As a result over 70% of families move to permanent housing upon their stay at Warren Village.
3. The past three HUD inspections of this property have resulted in passing scores with an average score of 83. This result allows less frequent on-site inspections (every two years instead of every year).

***Con:*** None.

- **Public/Private Commitment**

***Pro:***

1. This project receives HUD project-based rental assistance on all units that allows this project to serve households at 30% AMI or less. This rental assistance has been in place for 35 years.
2. The Friends of Warren Village provide annual financial scholarships to Warren Village residents that are attending a full-time college or certificate program.
3. The current non-profit ownership will continue to be a part of the new tax credit partnership created for this property. In addition, the Denver Housing Authority has agreed to become a special limited partner to preserve the existing property tax exemption.
4. The current Warren Village non-profit corporation that owns the property is contributing the value of the property and a portion of the developer fee to the new tax credit partnership.

***Con:*** None.

- **Market Demand**

***Pro:***

1. The deed restriction rent levels proposed for the Warren Village Apartments are set at 50% and 60% of area median income. However, these restrictions are much higher than the incomes of the current households residing in the property. At present, 89 of the 94 units (or 95% of the units) are rented to households at less than 30% AMI and the remaining units are rented to households at 40% AMI or less.

***Con:*** None.

**Explain Variances from ranges:**

1. Total development costs are above the range due the following; existing project valuation (in-fill site in City of Denver), soft costs associated with a tax credit transaction, and the type and complexity of the rehabilitation.

2. The PUPA, replacement reserve and on-site personnel costs are higher than the range due to the HUD Loan Management Set-Aside (LMSA) rental assistance and the nature of the households being served at this property.

**Other projects funded in Denver County since 9/08:**

- 08-024 Rocky Mountain HDC, Cornerstone Apartments, \$110,000 grant
- 08-051 Mercy Housing, Aromor Apartments, \$567,500 grant
- 09-041 Volunteers of America, Casa de Rosal, \$450,000 grant
- 09-071 Colorado Coalition for the Homeless, Renaissance at Uptown Apartments, \$750,000 grant
- 09-019 Northeast Denver Housing Center, CHDO operating , \$16,000 grant
- 09-022 Hope Communities, CHDO operating, \$16,000 grant
- 09-024 Newsed CDC, CHDO operating, \$16,000 grant
- 09-027 Del Norte Neighborhood Development Corporation, CHDO operating, \$16,000 grant
- 09-315 City and County of Denver, NSP, \$2,833,215 grant
- City and County of Denver, NSP, \$708,304 grant

**Other projects funded for Warren Village Inc. since 9/08:**

None.

**Denver County AMI:** \$76,000

**Staff Recommendation:** Full Funding, contingent on City of Denver and TCAP Funds

**Date of Meeting:** November 10, 2009

Anarde		Zucker	
Gregory		Rosser	
Hatcher		Lucero	
Weitkunat			

# COLORADO DIVISION OF HOUSING \* HOUSING DEVELOPMENT ANALYSIS SPREADSHEET

Project Name: Warren Village

Date: 11/3/2009

Applicant: Warren Village Inc.

Spreadsheet Version: 8/17/2009

PAGE #1

Operating Proforma

Required for Project Applications

STABILIZED FIRST YEAR INCOME						EXPENSES		
	% AMI	#of units	Sq. Ft.	Monthly Rent	Total Annual Rent	Administrative Expenses		
1 BR	50%	25	504	673	201,900	Management Fee	53,370	6.05%
1 BR	60%	16	504	704	135,168	On-site Personnel Payroll	161,758	FTE
2 BR	50%	24	720	807	232,416	Health Ins. & Benefits	32,465	
2 BR	60%	16	720	857	164,544	Legal & Bookkeeping	6,700	
3 BR	50%	8	912	933	89,568	Advertising	2,100	
3 BR	60%	4	912	1,036	49,728	Site Office Expense	24,000	
1 BR	employee	1	504	704	8,448	Telephone	0	
					0	Audit	13,000	
					0	Bank chgs, bad debts, misc	2,600	
					0	Total Administrative Expenses	295,993	33.57%
					0	Operating Expenses		
					0	Utilities (owner paid)	120,000	
					0	Trash Removal	0	
					0	Fire & Liability Insurance	31,913	
					0	Site Security	96,000	
					0	Total Operating Expenses	247,913	
Total units		94	Total Rent Income		881,772	Maintenance		
Total sq ft		60,912				Maintenance supply, misc	48,100	
			Parking Income		0	Maint. & Repair contracts	140,500	
			Laundry Income		7,056	Grounds (inc. snow removal)	6,000	
			Other Income		19,056	Other		
			Total Income		907,884	Total Maintenance	194,600	
Vac. Rate		0.05	Less Vacancy		-45,394	Real Estate Taxes EXEMPT	0	
			Effective Gross Income		862,490	Operating Reserve	0	unit avg. = 0
						Replacement Reserve	47,000	unit avg. = 500
DEBT SERVICE						TOTAL ANNUAL EXPENSES	785,506	
1st Mortgage					(54,539)	NET OPERATING INCOME	76,984	
2nd Mortgage					0	P.U.P.A. Expenses *	8,356	
3rd Mortgage					0	* P.U.P.A = Per Unit Per Annum Expenses		
TOTAL DEBT SERVICE					(54,539)			
BEP		95.27%	Poss D/S @ 1.1 DCR		69,985	*Note:		
BEP = Break Even Point			Project Debt Coverage Ratio		1.412			

BEP = Break Even Point

Poss D/S @ 1.1 DCR = Possible Debt Service at a 1.1 Debt Coverage Ratio

**Name:** Colorado Springs Pike Senior L.P. – Pikes Peak Senior Apartments **Project Number:** 10-027

**Project Manager & Address:** J. Marc Hendricks  
Partner/Owner  
MJT Properties, Inc.  
7350 E. Progress Place, Suite 208  
Greenwood Village, Colorado 80111  
303.778.6088 telephone  
303.778.0628 fax  
[marc@hendrickscommunities.com](mailto:marc@hendrickscommunities.com)

**Project Photo:**



**Project Address:** 907 East Colorado Avenue Colorado Springs, Colorado 80903

**Project Description:**

Colorado Springs Pike Senior Limited Partnership is requesting a loan of \$250,000 to assist with the construction of the seventy-unit Pikes Peak Senior Apartments located at 907 East Colorado Avenue in Colorado Springs, Colorado. This project will provide forty-one (41) one-bedroom and twenty-nine (29) two-bedroom units for senior households (age 55 and over) at 40% and 50% Area Median Income (AMI). These funds will be loaned to the partnership at 3% interest with a twenty year term with no payments until year twenty-one. This project will be built to Green Communities standards and will include a secure entry, computer lab, exercise room and community kitchen. The project developer, MJT Properties, Inc. and their management company, Terra Management LLC, have successfully constructed and managed six other tax credit, senior restricted apartments in Colorado.

### AFFORDABILITY

<u>Type of Units</u>	<u># of Units</u>	<u>Income of Beneficiaries</u> (4-person households in El Paso County)
<u>Affordable Units</u> (15) 1BR, (10) 2BR (26) 1BR, (19) 2BR	25 45	≤ 40% of AMI (\$28,320) ≤ 50% of AMI (\$35,400)
<u>Total Units</u>	70	

### PROGRAM BUDGET

Project Activities	Total Project Cost	State Funds Requested	Other Funds	Source	Status
Land	\$464,000		\$464,000	Tax Credit Equity	Pending
Other Acquisition Costs	\$81,500		\$81,500	Tax Credit Equity	Pending
Construction Costs	\$7,134,000	\$250,000	\$2,635,000 \$250,000 \$4,000,000	First Bank City of Colorado Springs Tax Credit Equity	Committed Committed Pending
Architect Fees	\$290,000		\$290,000	Tax Credit Equity	Pending
Other Design Fees	\$171,600		\$171,600	Tax Credit Equity	Pending
Construction Interest	\$195,700		\$195,700	Tax Credit Equity	Pending
Other Interim Costs	\$164,500		\$164,500	Tax Credit Equity	Pending
Permanent Loan Fees	\$43,100		\$43,100	Tax Credit Equity	Pending
Other Permanent Financing	\$268,400		\$268,400	Tax Credit Equity	Pending
Developer's Fee	\$992,000		\$267,200 \$724,800	Tax Credit Equity Deferred Developer Fee	Pending Committed
Project Management	\$32,000		\$32,000	Tax Credit Equity	Pending
Furnishings	\$35,000		\$35,000	Tax Credit Equity	Pending
CDOH Final Payment	\$1,000				
Totals	\$9,872,800	\$250,000	\$9,622,800		



### PROJECT ASSESSMENT FOR Rental New Construction

Criteria	Project Data			DOH Range
Building Cost				
Cost/Unit/Sq. Ft.	\$141,040 /Unit	\$170 /SF		\$135 to \$205
Hard Cost/Unit/Sq. Ft.	\$101,929 /Unit	\$123 /SF		\$105 to \$160
Soft Cost/Unit/Sq. Ft.	\$32,483 /Unit	\$39 /SF		\$25 to \$40
Land Cost/unit	\$6,629 /Unit			\$10,000 to \$18,000
Hard/Soft Cost	76% Hard	24% Soft		
Cost Effectiveness Rating				
DOH subsidy/unit	\$3,571			\$4,000 to \$10,000
Annual Cost/Person & Rating	\$1,661	5	40 years	1 to 10 Scale
Externality Rating		6		1 to 10 Scale
Rent Savings Rating	59%	10		1 to 10 Scale
Financial Leveraging Rating		10		1 to 10 Scale
Composite Score		31		1 to 40 Scale
Operating Cost				
PUPA	\$2,975			\$3,700 to \$4,700
Annual Replacement Reserve	\$250			\$300 (\$250 for seniors)
Debt Coverage Ratio	1.23			1.10 to 1.20
Capitalized Operating Reserve	4.1 mos			4 mos debt & oper costs
Financial Commitments				
Terms of Primary Financing	7.6%	30 years		
P.V. Tax Credits	.75			\$.75 to .85
Other Criteria				
Fully Accessible Units	70 / 100%			5% of Units Encouraged
Visitable Units	70 / 100%, plus all common areas			All units Encouraged
Energy-Efficiency Standard	Green Communities			CDOH Energy Stds Policy
Water Efficient Landscape	Yes			Denver Water Board Recommendation
30% AMI Units	0 / 0%			5% of Units Encouraged
DOH requirements				
Priority	(7 - High) Housing for persons with special needs			CDOH Action Plan Goals
CDOH Funding Eligibility	HOME, HDG			
Minimum Application Criteria	Yes			CDOH Application Minimum Criteria Policy
Housing Needs Assessment Supports Project	Yes			Local Housing Needs Assessment

**Comments:**

- **Management Capacity**

***Pro:***

1. The development team assembled for this project, including the developer and property manager, have successfully completed 13 tax credit properties in Colorado with an average occupancy rate of over 98%. This is the first application to DOLA Division of Housing for funding.
2. Senior projects are managed with a high level of resident activity and participation to assist the households with maintaining a quality life style as they age.

***Con:*** None.

- **Public/Private Commitment**

***Pro:***

1. The City of Colorado Springs, in addition to the committed HOME funds, is also providing significant reductions in planning and zoning costs in addition to approximately \$115,000 in waived or reduced city fees.

***Con:*** None.

- **Market Demand**

***Pro:***

1. While overall trending of the Colorado Spring rental market indicates a soft market (the 2<sup>nd</sup> Quarter 2009 DOLA DOH Vacancy Survey indicates an overall market vacancy of 9.8%), rent and vacancy trends for senior apartments do not follow this pattern. For example, there is 100% occupancy and 9-12 month waiting lists for senior apartments restricted to those at 30% AMI or below (approximately 1,000 in market) and tax-credit financed properties are operating at 94% - 100% occupancy with waiting lists at some locations (approximately 275 in market).
2. The expected capture rate for this property of 12.2% is considerably lower than the 20% capture rate level considered reasonable for this type of project in this market.

***Con:***

1. A tax credit investor commitment is pending at this time.

**Explain Variances from ranges:**

1. The PUPA is below the range and is based on actual performance data from senior LIHTC projects developed by this development group.

**Other projects funded in El Paso County since 9/08:**

- Rocky Mountain Community Land Trust - CHDO Operating, \$23,500 grant
- Partners in Housing - CHDO Operating, \$23,500 grant
- Rocky Mountain Community Land Trust - Homeownership, \$98,685 grant
- Rocky Mountain Community Land Trust - Homeownership, \$137,250 grant
- Greccio Housing Unlimited - NSP, \$2,765,575 grant
- Rocky Mountain Community Land Trust - NSP, \$900,000 grant
- Western Region Nonprofit Housing Corporation - Garden Apartments, \$225,000 loan
- El Paso County – NSP, \$1,177,991 grant

**Other projects funded for MJT Properties, Inc. since 9/08:**

- None

**El Paso County AMI:** \$ 70,800

**Staff Recommendation:** Full Funding

**Date of Meeting:** November 10, 2009

Anarde		Zucker	
Gregory		Rosser	
Hatcher		Lucero	
Weitkunat			

# COLORADO DIVISION OF HOUSING \* HOUSING DEVELOPMENT ANALYSIS SPREADSHEET

Project Name: Pikes Peak Senior Apartment

Date: 11/3/2009

Applicant: CS Pike Senior I LP

Spreadsheet Version:

PAGE #1

Operating Proforma

Required for Project Applications

STABILIZED FIRST YEAR INCOME						EXPENSES		
	% AMI	#of units	Sq. Ft.	Monthly Rent	Total Annual Rent	Administrative Expenses		
1 Bed	40%	15	578	468	84,240	Management Fee	22,895	4.56%
1 Bed	50%	26	578	600	187,200	On-site Personnel Payroll	35,700	FTE
2 Bed	40%	10	746	560	67,200	Health Ins. & Benefits	5,190	
2 Bed	50%	19	746	719	163,932	Legal & Accounting	1,995	
					0	Advertising	1,930	
					0	Office Supplies	3,715	
					0	Telephone	5,690	
					0	Audit	5,000	
					0	Other		
					0	Total Administrative Expenses	82,115	16.34%
					0	Operating Expenses		
					0	Utilities (owner paid)	22,440	
					0	Trash Removal	2,680	
					0	Fire & Liability Insurance	15,045	
					0	Other		
					0	Total Operating Expenses	40,165	
	Total units	70	Total Rent Income		502,572	Maintenance		
	Total sq ft	45,332				Maintenance	23,600	
	Parking Income					Repairs	17,655	
	Laundry Income					Grounds (inc. snow removal)	4,035	
	Other Income				10,080	Other	5,615	
	Total Income				512,652	Total Maintenance	50,905	
	Vac. Rate	0.06	Less Vacancy		-30,759	Real Estate Taxes	17,565	
	Effective Gross Income				481,893	Operating Reserve	0	unit avg.= 0
						Replacement Reserve	17,500	unit avg.= 250
DEBT SERVICE						TOTAL ANNUAL EXPENSES	208,250	
1st Mortgage					(223,263)	NET OPERATING INCOME	273,643	
2nd Mortgage					0	P.U.P.A. Expenses *	2,975	
3rd Mortgage					0	* P.U.P.A = Per Unit Per Annum Expenses		
TOTAL DEBT SERVICE					(223,263)			
	BEP	85.86%	Poss D/S @ 1.1 DCR		248,766	*Note:		
BEP = Break Even Point			Project Debt Coverage Ratio		1.226			

BEP = Break Even Point

Poss D/S @ 1.1 DCR = Possible Debt Service at a 1.1 Debt Coverage Ratio

**Name:** Washington County – Otis Development, Inc.  
Homestead Apts. Rehabilitation

Project Number: 10-024

**Project Manager & Address:** Ms. Sue Stackhouse, Manager  
Otis Development, Inc.  
321 Arapahoe Street  
Otis, CO 80743  
Telephone: 970-246-3640  
Fax: 970-246-3640  
Email: [sstackhouse@plains.net](mailto:sstackhouse@plains.net)

**Project Photo:**



**Project Address:** 306 West 2<sup>nd</sup> Avenue, Otis, Colorado 80743

**Project Description:**

Washington County, on behalf of Otis Development, Inc., requests a grant of \$266,085.00 to assist with the rehabilitation of The Homestead Apartments located at 306 W. 2<sup>nd</sup> Avenue, Otis, Colorado. The Homestead Apartments were constructed in 1973 with assistance from USDA Rural Development. The building consists of nine (9) units of rental housing for seniors and the physically disabled, with 6 one-bedroom and 3 two-bedroom single-story apartments that are affordable to households at or below 60% area median income (AMI). This property receives 5 units of rental assistance from USDA Rural Development that allows the residents to pay no more than 30% of their income on housing and utilities. The planned rehabilitation work includes energy-efficiency improvements, interior updates, electrical and plumbing upgrades, earthwork to correct site drainage problems, and concrete repairs to sidewalks. One unit will be remodeled to be compliant with ADA (Section 504).

### AFFORDABILITY

<u>Type of Units</u>	<u># of Units</u>	<u>Income of Beneficiaries</u> (4-person households in Washington County)
<u>Affordable Units</u> (6) 1BR, (3) 2BR	9	≤ 60% of AMI (\$33,840)
<u>Total Units</u>	9	≤ 60% of AMI (\$33,840)

### PROGRAM BUDGET

Project Activities	Total Project Cost	State Funds Requested	Other Funds	Source	Status
Original Cost of Construction	\$117,500		\$53,633	Balance on USDA Rural Development Loans	previous
			\$63,867	Owner Equity	current
Rehabilitation	\$282,365	\$243,085	\$20,000	USDA – RD – 2010 MPR or HPG grant	pending
			\$15,000	GEO Weatherization	pending
			\$3,580	In-kind contributions	pending
			\$250	VFW	committed
			\$250	Akron Elks	committed
			\$250	Green Thumbs	committed
Contingency	\$15,000	\$15,000			
Project Delivery Costs	\$11,150	\$8,000	\$3,150	In-kind contribution	committed
Washington County CDBG Administration	\$2,000		\$2,000	In-kind contribution	committed
Capital Needs Assessment	\$3,200		\$3,200	Otis Development	committed
Temporary Relocation	\$4,040		\$4,040	Otis Development	committed
Totals	\$435,255	\$266,085	\$169,170		

### PROJECT ASSESSMENT FOR Rental Rehab

Criteria	Project Data					DOH Range
Building Cost						
Cost/Unit/Sq. Ft.	\$48,362	/Unit	\$74	/SF		\$100 to \$140
Hard Cost/Unit/Sq. Ft.	\$45,541	/Unit	\$69	/SF		\$90 to \$120
Soft Cost/Unit/Sq. Ft.	\$2,821	/Unit	\$ 4	/SF		\$10 to \$20
Hard/Soft Cost	94%	Hard	6%	Soft		
Cost Effectiveness Rating						
DOH subsidy/unit	\$29,565/unit					\$2,000 to \$10,000
Annual Cost/Person Rating	\$806	8	30	yrs		1 to 10 Scale
Externality Rating	8					1 to 10 Scale
Rent Savings Rating	7%	1				1 to 10 Scale
Financial Leveraging Rating	1					1 to 10 Scale
Composite Score	18					1 to 40 Scale
Operating Cost						
PUPA	\$3,551					\$3,700 to \$4,700
Annual Replacement Reserve	\$186/unit					\$300
Debt Coverage Ratio	1.151					1.10 to 1.20
Capitalized Operating Reserve	-0-					4 mos debt & oper costs
Financial Commitments						
Terms of Primary Financing	USDA/RD	20	years	1%		
P.V. Tax Credits	N/A					\$.75 to .85
Other Criteria						
Fully Accessible Units	0 / 0% currently; will rehab 1 unit (11%)					5% of Units Encouraged
Visitable Units	9 / 100%, plus common laundry room					All units Encouraged
Energy-Efficiency Standard	Will use Energy-Star rated appliances and water heater in rehabilitation.					CDOH Energy Standards Policy
Water Efficient Landscape	Will use low water landscaping when new is installed.					Denver Water Board Recommendation
30% AMI Units	None by deed restriction, 89% through USDA RD rental assistance					5% of Units Encouraged
DOH requirements						
Priority	#1, high - preservation of existing affordable housing; special needs					CDOH Action Plan Goals
CDOH Funding Eligibility	CDBG, HOME, HDG					
Minimum Application Criteria	Yes					CDOH Application Minimum Criteria Policy
Housing Needs Assessment Supports Project	Housing Needs Assessment for Washing-ton County has not been completed yet.					Local Housing Needs Assessment

**Comments:**

- **Management Capacity**

***Pro:***

1. Washington County has agreed to sponsor this CDBG application on behalf of Otis Development, Inc., the owner of the Homestead Apartments. The County Administrator has experience with administration of DOLA CDBG grants and has agreed to oversee compliance with Davis Bacon wages for the rehabilitation work.
2. Otis Development, Inc. was formed in 1973 as a single purpose entity 501(c)(4). In April of 2009, it received its non-profit 501(c)(3) designation from the I.R.S. The Mayor of the Town of Otis, Sue Stackhouse, is the manager of the Homestead Apartments and will oversee the rehabilitation project.

***Con:***

1. Washington County and Otis Development, Inc. do not have experience with the Division of Housing's contracting and reporting process and will require some technical assistance from the Asset Manager.

- **Public/Private Commitment**

***Pro:***

1. The Washington County Administrator will contribute his time to oversee compliance with Davis Bacon wages for the rehabilitation of the 9 apartments.
2. This project receives USDA Rural Development rental assistance on five units that allows it to serve households at 30% AMI or less. This rental assistance has been in place for 36 years. USDA – RD has provided below-market interest rate loans (1%) for the property.
3. The citizens of the Town of Otis provide support to the elderly residents at The Homestead. Effort is made to include them in small beautification projects for the property and to ensure their involvement in community events by providing them with transportation assistance.
4. The local VFW and the Akron Elks have committed \$250 each, and the Green Thumbs garden club has committed volunteer labor to re-landscape the development once the grading work has been completed.

***Con:*** None.

- **Market Demand**

***Pro:***

1. The Town of Otis is a small, rural community surrounded by farms on the eastern plains of Colorado with a population of 534. Otis is located 15 miles east of the Washington County Seat of Akron. The Otis Senior Center is half a block away from The Homestead Apartments and the Presbyterian Church is across the street. There is a bank and post office in town. County Express provides out-of-town transportation to Akron where the hospital and Social Services offices are located.
2. Market demand for these apartments has always been strong. According to the last census, 20% of the population residing in the Town of Otis is over 62 years of age. Additionally, 16% of the population has some kind of physical disability.
3. There are currently 2 vacant units at The Homestead; however, this is unusual.



The plan is to use these units for temporary relocation of the existing tenants during the rehabilitation work. Alternate relocation plans include temporarily moving residents in with their family members living in the area.

**Con:** None.

**Explain Variances from ranges:**

- The cost per square foot is lower than the range due to the fact that the building was constructed 36 years ago.
- The subsidy per unit is higher than the range due to the type and complexity of the rehabilitation work, the small number of units in the project, and the lack of local government funds available to assist with the funding of this project.
- The PUPA and Replacement Reserve contribution are lower than the range due to limits established by USDA – Rural Development.
- The vacancy rate of 2% used to pro forma the property is based on USDA RD's guidelines.

**Other projects funded in/for Washington County since 9/08:**    None

**Washington County AMI:** \$56,400

**Staff Recommendation:** Full Funding

**Date of Meeting:** November 10, 2009

Anarde		Zucker	
Gregory		Rosser	
Hatcher		Lucero	
Weitkunat			

# COLORADO DIVISION OF HOUSING \* HOUSING DEVELOPMENT ANALYSIS SPREADSHEET

Project Name: Homestead Apartments

Date: 11/3/2009

PAGE #1

Applicant: Otis Development

Operating Proforma

Spreadsheet Version: Application

Required for Project Applications

STABILIZED FIRST YEAR INCOME						EXPENSES		
	% AMI	#of units	Sq. Ft.	Monthly Rent	Total Annual Rent	Administrative Expenses		
1 bdrm	60%	6	624	289	20,808	Management Fee	1,200	3.67%
2 bdrm	60%	3	624	331	11,916	On-site Personnel Payroll	0	FTE
					0	Health Ins. & Benefits	0	
					0	Legal & Accounting	0	
					0	Advertising	150	
					0	Office Supplies	265	
					0	Telephone	20	
					0	Audit	50	
					0	Other - Training	100	
					0	Total Administrative Expenses	1,785	5.45%
					0	Operating Expenses		
					0	Utilities (owner paid)	17,111	
					0	Trash Removal	950	
					0	Fire & Liability Insurance	3,189	
					0	Other - Permits & Inspections	821	
					0	Total Operating Expenses	22,071	
Total units		9	Total Rent Income		32,724	Maintenance		
Total sq ft		5,616				Maintenance	2,500	
Other Income - Cable TV Fee					1,872	Repairs	1,415	
Laundry Income					1,068	Grounds (inc. snow removal)	1,489	
Other Income - Interest					488	Other - Painting	1,026	
Total Income					36,152	Total Maintenance	6,430	
Vac. Rate		0.02	Less Vacancy		-723	Real Estate Taxes	0	
Effective Gross Income					35,429	Operating Reserve		unit avg.= 0
						Replacement Reserve	1,675	unit avg.= 186.1
DEBT SERVICE						TOTAL ANNUAL EXPENSES	31,961	
1st Mortgage					(2,257)	NET OPERATING INCOME	3,468	
2nd Mortgage					(757)	P.U.P.A. Expenses *	3,551	
3rd Mortgage					0	* P.U.P.A = Per Unit Per Annum Expenses		
TOTAL DEBT SERVICE					(3,014)			
BEP		106.88%	Poss D/S @ 1.1 DCR		3,153	NOTE: USDA RD uses a \$600/year vacancy allowance.		
BEP = Break Even Point			Project Debt Coverage Ratio		1.151	NOTE: Rents include all utilities.		

BEP = Break Even Point

Poss D/S @ 1.1 DCR = Possible Debt Service at a 1.1 Debt Coverage Ratio